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USDOC FOR 532/OEA/LHINES/ADYSON/SSILVER
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: SOLTECH INDUSTRY
CO LTD.

REF: A) USDOC 09957

1.Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted a post shipment verification (PSV) of Soltech Industry Co. Ltd., 1A, Fook Ying Building, 379 Kings Road, North Point, Hong Kong (Soltech). The items in question are two shipments of multiple pallets of Electrica brand wire exported to Soltech on or about September 7, 2007 and October 30, 2007 and collectively valued at approximately USD 746,000. The items are likely not on the Commerce Control List (EAR99) and are therefore likely only controlled to restricted destinations and to restricted end-users/uses. Electro-Mechanical Systems International of Philadelphia, Pennsylvania exported the items.

¶3. ECO was unable to obtain contact details for Soltech using information provided by OEA nor from independent searches of various Hong Kong information sources. Commercial Assistant Carrie Chan was eventually able to contact a representative of the freight forwarding company to which the items were shipped. That company is Conquest Express (HK) and it is the Hong Kong office of Taiwanese freight forwarder, Conquest Express Co. Ltd. (www.conquest.com.tw).

¶4. According to the representative of Conquest Express in Hong Kong, Soltech is a Taiwanese company. The representative for Soltech with which Conquest interacts is named Amber. No last name was given. Ms. Amber travels in the region and is not stationed in Hong Kong. The conquest representative stated that the Hong Kong office of Conquest Express is used as Soltech's shipment location. Initially, Conquest Express declined to provide shipping documents relating to the items in question.

¶5. Subsequently, Commercial Assistant Carrie Chan received a call from Eddy, calling on behalf of Soltech. He stated that the Kings Road address of Soltech noted above is actually not the headquarters of Soltech. He stated that he lends the office address to others as a favor. He stated he knows nothing about Soltech or the items in question. He stated that Ms. Amber arranges for pick-up and delivery of items on behalf of Soltech. Eddy did not provide his full name. An address search of the Soltech address noted in the applicable invoices and in reftel A reveals that this address is associated with Hong Kong company Von Development Ltd. (www.vonhk.com). Eddie Yuen is listed as the CEO of this company. A Hong Kong Companies Registry search reveals that this company has been in existence since 1988. Hong Kong residents Yuen, Chi Choi and Yuen, Kwok Wing are listed as directors. Yuen, Chi Choi is also a director of Hong Kong company, Top Way Limited. According to the Von Development Ltd. web site, it sells various electronic switches

and power supplies. Its production facility is listed as being located in Shenzhen, mainland China.

¶16. Commercial Assistant Carrie Chan subsequently received a call from Ms. Amber, calling on behalf of Soltech. She stated that she would be willing to meet the ECO and Ms. Chan at the offices of Conquest Express. ECO and Ms. Chan met with Ms. Amber and Conquest Express Branch Manager Eunice Cheung on December 6, 2007 at the premises of Conquest Express, Flat B&C, 29/F, Tsuen Wan International Centre, 68 Wang Lung Street, Tsuen Wan, Hong Kong. The Conquest Express premises are located in a larger warehouse building. One of the company's offices is in use by administrative staff while the second serves as warehouse space for the company. There is no signage within the building or at Conquest Express's entrance indicating that Conquest operates at this location.

¶17. During the meeting, Ms. Amber stated that Soltech is not officially registered in Hong Kong although it acts as the buying agent for mainland Chinese company Naztech in Shenzhen, mainland China. She stated that Naztech produces electronic components, telecommunications products and power supplies. It acts as a contract manufacturer but also produces products under its own brand name. She subsequently provided additional background information on Naz Technology Co., Ltd. in Shenzhen (Naztech) consistent with the information provided during the interview. That information can be found at the web site: www.nastec.net. When asked about Soltech in Taiwan (listed as a purchaser for one of the Hong Kong bound shipments), Ms. Amber stated that the Taiwan operation operates in much the same way as the Hong Kong operation. When asked whether Naztech resells any of the inputs it receives through Hong Kong, Ms. Amber stated that she did not know. She was also unaware of the location of the customers for Naztech's end products. Subsequent research reveals that the Shenzhen address provided for the mainland China production facility of Von Development Limited is the same address as that of Naztech.

¶18. After some discussion about the reason for Soltech and Naztech's corporate structure, Ms. Amber stated that this structure was essentially a tax avoidance mechanism. Ms. Amber stated she was quite nervous about the potential legal ramifications of such an approach to procurement by Naztech. Despite several requests, Ms. Amber declined to provide a business card or her full name.

¶19. As to the specific shipments in question, Ms. Amber stated (and Ms. Cheung confirmed) that most of the pallets received as part of the applicable shipments had been forwarded to Shenzhen. When asked for shipping or other documents confirming such shipment, Ms. Cheung left the room and subsequently provided receipts indicating that 13 skids of electrical wire had been turned over to Soltech. The receipts included what appeared to be the Soltech seal but no signature. They also included no defining details about the skids or whether they had actually been shipped to Shenzhen. Ms. Amber stated that Naztech had arranged for a freight forwarder to pick up the skids from Conquest Express. When asked why Conquest would accept unsigned documents for electrical wire valued at several hundred thousand USD, Ms. Cheung stated that she is not in position to determine the actual makeup of the wire and therefore does not require more specificity in the documents. ECO does not believe this statement to be credible.

¶10. Ms. Cheung and Ms. Amber subsequently showed ECO and Ms. Chang the remaining 19 skids of wire located in the warehouse portion of the Conquest Express premises. Ms. Amber stated that the wire is used in cable television wiring related products.

¶11. ECO provided Ms. Amber and Ms. Cheung with information about U.S. reexport controls, stressing that shipments to embargoed destinations may be subject to special licensing requirements. Both Ms. Amber and Ms. Cheung agreed to closely review the information.

¶12. Ms. Amber's explanations concerning Soltech and Naztech's operations are consistent with procurement channels that make use of Hong Kong's free port status to minimize mainland Chinese import duties and other taxes. Nonetheless, ECO did not find Ms. Amber and Ms. Cheung's presentations to be credible and recommends close scrutiny be given to any shipments to Soltech, Conquest Express, Von Development Limited, Naztech and to their respective addresses.